

Message Text

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 5175

C O N F I D E N T I A L SECTION 1 OF 2 COPENHAGEN 5628

LIMDIS

FROM AMBASSADOR TO LAKE-SP/P

E.O. 11652: GDS

TAGS: XT, DA

SUBJECT: WEST EUROPEAN FACTOR IN AMERICAN FOREIGN POLICY

REF: A. STATE 216662 B. COPENHAGEN 5305 C. STATE 145618

D. COPENHAGEN 1848 E. COPENHAGEN 4909

SUMMARY. DENMARK'S SERIOUS ECONOMIC PROBLEMS CONTINUE TO PREOCCUPY ITS POLITICAL LEADERS. THE ATTENTION THAT THESE LEADERS CAN GIVE TO INTERNATIONAL ISSUES WILL BE CONCENTRATED ON THEIR HANDLING OF THE EC PRESIDENCY BEGINNING IN JANUARY. AT THE CONCLUSION OF THIS MESSAGE, I HAVE OFFERED A FEW THOUGHTS ON THE DANISH PRESIDENCY AND ON SOME OF THE ISSUES THAT WILL BE OF JOINT US-EC INTEREST. GENERALLY, WE CAN EXPECT THE DANES TO BE RECEPTIVE TO AMERICAN REPRESENTATIONS AND COOPERATIVE IN PRESENTING THEM FAVORABLY TO THE OTHER MEMBERS OF THE NINE. END SUMMARY.

1. I BELIEVE THAT WE ADDRESSED MOST QUESTIONS ON DANISH ATTITUDES TOWARD US OBJECTIVES IN THE COPENHAGEN CABLES UNDER REFERENCE. REF (C) AND REF (D) ARE THE EXCHANGES WHICH PRODUCED THE CURRENT FOREIGN POLICY STATEMENT FOR DENMARK. REF (B) IS MY MOST RECENT ARTICULATION OF US GOALS AND OBJECTIVES IN DENMARK. REF (E) WAS CONFIDENTIAL

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AN EXAMINATION OF SOME OF THE INTERNAL PROBLEMS FACING THE DANES.

2. NOT MUCH HAS CHANGED. THE INTERNAL POLITICAL POLARIZATION THAT WE WERE WORRIED ABOUT IN LATE 1976 HAS, FORTUNATELY, NOT SO FAR OCCURRED. IN FACT, THE CENTER APPEARS TO HAVE ENLISTED NEW STRENGTH. THIS SEEMS TO BE IN LINE WITH DEVELOPMENTS IN NEIGHBORING COUNTRIES. I AM, OF COURSE, THINKING ABOUT RECENT ELECT-

IONS IN THE FEDERAL REPUBLIC, SWEDEN AND NORWAY.

3. DENMARK'S MINORITY SOCIAL DEMOCRATIC GOVERNMENT HAS JUST SUCCESSFULLY COMPLETED ONE OF ITS PERIODIC "CRISIS" NEGOTIATIONS WITH PARTIES TO ITS RIGHT. AGREEMENT WAS REACHED ON A NEW SET OF ECONOMIC MEASURES WHICH HOPEFULLY WILL BE RELEVANT IN DEALING WITH WHAT THE DANES REGARD AS THEIR MAJOR PROBLEMS: THE BALANCE OF PAYMENTS DEFICIT AND UNEMPLOYMENT. IT IS CLEAR, HOWEVER, THAT THE MEASURES AGREED UPON FAVOR THE FORMER OVER THE LATTER. THIS HAS MEANT, AND CONTINUES TO MEAN, THAT EXCEPT FOR CERTAIN INTERNATIONAL POLITICAL ISSUES THAT ARE EMOTIONALLY CHARGED FOR THE DANES, OR THOSE THAT THEY REGARD AS KEY TO THE COUNTRY'S SECURITY AND WELL BEING, DENMARK'S LEADING POLITICAL PERSONALITIES HAVE LITTLE TIME TO DEVOTE TO OTHER THAN DOMESTIC BREAD AND BUTTER PROBLEMS.

4. THE ATTENTION THAT DENMARK'S LEADERS CAN MUSTER FOR THE BROAD INTERNATIONAL ISSUES WILL BE CONCENTRATED ON HOW THEY ARE TO HANDLE THEM DURING THEIR EC PRESIDENCY BEGINNING IN JANUARY. THIS BRINGS ME TO ONE OF THE MOST IMPORTANT CONSIDERATIONS THAT THE DANES APPLY TO FOREIGN POLICY CONSIDERATIONS: THEY SEEK TO FIND A CONSENSUS POSITION THAT WILL PLACE THEM IN ASSOCIATION WITH AN "ACCEPTABLE" GROUP. DEPENDING ON THE ISSUE INVOLVED, THIS MAY BE NATO, THE EC OR THE NORDICS.

5. HAVING SAID THIS, HOWEVER, THERE IS SOME EVIDENCE THAT THE DANES ARE SOMEWHAT WILLING TO SUPPORT AMERICAN POSITIONS IN SPITE
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OF STANDS TAKEN BY THE OTHER MEMBERS OF THE EC OR THE NORDICS. A RECENT EXAMPLE OF THIS WAS DENMARK'S POSITIVE RESPONSES TO OUR CHANGING SIGNALS ON WHAT WE WANTED THEM TO DO ON THE PANAMA CANAL TREATY. POSSIBLY THIS INCREASED SENSITIVITY TO US WISHES HAS COME ABOUT AS AN EXPRESSION OF A DANISH DESIRE TO BUILD A STRONG FOUNDATION FOR THEIR ROLE IN THE UPCOMING US-EC DIALOGUE. WE CAN ALSO CITE EXAMPLES OF THE DANES BREAKING WITH THE EC LAST YEAR IN THE UNGA TO VOTE WITH THE NORDICS ON ONE OF THE RESOLUTIONS ON SOUTH AFRICA. AND DURING THE SAME SESSION THE DANES SEPARATED THEMSELVES FROM THE NORDICS TO VOTE WITH THE EC ON GUAM.

6. IT MIGHT BE APPROPRIATE TO GO DOWN THE LIST OF THE SUBJECTS MENTIONED IN REF (A) TM CONFIRM AND, IF NECESSARY UPDATE, STATEMENTS MADE IN OUR EARLIER MESSAGES:

A) THE MAINTENANCE OF THE ECONOMIC STRENGTH OF THE INDUSTRIALIZED DEMOCRACIES -- THE DANES HOPE THAT THE MOST RECENT ECONOMIC STABILIZATION MEASURES AGREED HERE AMONG THE PRINCIPAL POLITICAL PARTIES WILL PROVIDE A CONTRIBUTION TO THIS BY IMPROVING DENMARK'S BALANCE OF PAYMENTS' POSITION. AS A SMALL TRADING NATION, MUCH OF DENMARK'S ECONOMIC FATE IS IN THE HANDS OF ITS MAJOR TRADING PARTNERS WHO ARE THEMSELVES WESTERN INDUSTRIALIZED DEMOCRACIES WITH

THEIR OWN ECONOMIC PROBLEMS. FACETS OF DENMARK'S MORE SERIOUS ECONOMIC DIFFICULTIES ARE ITS HIGH UNEMPLOYMENT (ABOUT 7 PERCENT); HIGH COSTS OF PRODUCTION; AND EXPENSIVE SOCIAL WELFARE SYSTEM; AND A SOCIETY THAT IS BEGINNING TO QUESTION SOME OF THE FOUNDATIONS ON WHICH IT HAS HERETOFORE ACHIEVED OUTSTANDING ECONOMIC AND SOCIAL GAINS.

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C O N F I D E N T I A L SECTION 2 OF 2 COPENHAGEN 5628

LIMDIS

FROM AMBASSADOR TO LAKE-S/P

B) LONDON SUMMIT GOALS FOR IMPROVEMENT OF NATO DEFENSES --- TO ALL INTENTS AND PURPOSES, THE LAST FOUR-YEAR DEFENSE AGREEMENT WHICH CAME INTO EFFECT IN APRIL PROVIDES THE PARAMETERS OF INCREASED DANISH DEFENSE SPENDING AT ABOUT 1-1/2 PERCENT ANNUALLY. TO THIS SHOULD BE ADDED, HOWEVER, RELATIVELY MEANINGFUL INCREMENTS THAT WILL BE OBTAINED THROUGH OTHER APPROPRIATIONS OUTSIDE THE DEFENSE BUDGET: FOR EXAMPLE THE POLICING OF THE EXTENDED TERRITORIAL WATERS AROUND GREENLAND.

C. LIMIT SPREAD OF NUCLEAR OR CONVENTIONAL ARMS -- THE DANES ARE ALL WITH US ON THIS ISSUE.

D. PROGRESS IN THE MTN -- AS BASIC FREE TRADERS, THE DANES WILL BE ON OUR SIDE TO THE EXTENT THAT THEIR EC MEMBERSHIP ALLOWS THEM.

E. NORTH-SOUTH -- THE DANES WILL WISH TO MOVE FASTER TO ACCOMMODATE SOUTHERN ASPIRATIONS THAN THE UNITED STATES WILL PROBABLY FIND PRUDENT.

F) MIDDLE-EAST SETTLEMENT -- ALONG WITH OTHER NORDICS (AND

MEMBERS OF THE EC), THE DANES HAVE MOVED FROM A BASIC PRO-ISRAELI
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STANCE TO ONE OF THE XASPERATION WITH WHAT THEY REGARD AS ISRAELI
INTRANSIGENCE. THIS ATTITUDE HAS RESULTED, FOR EXAMPLE, IN A CALL
BY THE NORDIC FOREIGN MINISTERS AT HELSINKI ON SEPTEMBER 1-2
KOR THE ESTABLISHMENT OF A PALESTINEAN HOMELAND. BY AND LARGE,
THE DANES WELCOME WHAT THEY REGARD AS THE EVEN-HANDED "REALISM" OF
THE CARTER ADMINISTRATION VIS-A-VIS ISRAEL.

G. HUMAN RIGHTS -- THE DANES ARE CONCERNED THAT WE WILL PUSH THE
SOVIETS SO HARD ON HUMAN RIGHTS AT BELGRADE THAT THE LATTER WILL
EITHER SIMPLY TURN OFF ANY DISCUSSIONS OR COUNTER-ATTACK VIGOROUSLY.
IN EITHER CASE, THE DANES BELIEVE THAT DETENTE WOULD BE SEVERELY
DAMAGED AND THAT THE LOT OF THE SOVIET DISSIDENTS WOULD BE WORSENER.
THE GOVERNMENT HERE IS SEEKING TO DEFINE, IN CONCERT WITH
WESTERN CSCE POWERS AS WELL AS THE NEUTRAL AND MON-ALIGNED, EXACTLY
HOW FAR WE CAN SAFELY PUSH THE SOVIETS ON THIS ISSUE. GENERALLY,
THE DANES STILL TEND TO BE MORE WILLING TO SPEAK OUT ON HUMAN
RIGHTS VIOLATIONS BY NON-COMMUNIST STATES THAN THEY DO ON THOSE OF
THE SOVIET UNION AND EASTERN EUROPE.

7. I BELIEVE THAT THE ABOVE SUFFICIENTLY ADDRESSES THE QUESTIONS
RAISED IN PARAGRAPH 4 REF (A) EXCEPT FOR THE FOLLOWING:

A. POSSIBLE CHANGELOF GOVERNMENT -- NO REALISTIC ALTERNATIVE TO
THE PRESENT MINORITY SOCIAL DEMOCRATIC GOVERNMENT WOULD HAVE ANY
SIGNIFICANT IMPACT ON THE GENERALLY POSITIVE DANISH ATTITUDES
TOWARD US FOREIGN POLICY GOALS.

B. POSSIBLE TRADE-OFFS AND PRIORITY OF US GOALS -- THE DANES
BELIEVE THAT THEY CAN MAKE SPECIAL CONTRIBUTIONS ON SOURTHERN
AFRICA, CSCE AND THE NORTH-SOUTH D)9&73. ON OTHER QUESTIONS OK
INTEREST TO THE US, DENMARK REGARDS IT IMPUT PRIMARILY AS ONE IN
CONCERT WITH ITS PARTNERS IN THE EC AND THE NORTH.

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C. ON A BILATERAL BASIS, THE DANES LOOK TO THE,853\$ 5-53 -
5#3 .-'94 *:-594 8, 23 534, 3:9,9,8: 43:9;346. THEY WOULD LIKE TO
SEE US REFLATE FASTER AND HIGHER THAN WILL PROBABLY BE ACCEPTABLE
TO US. OVER THE LAST FEW YEARS, THE DANES HAVE DEPENDED INCREAS-
INGLY ON BALANCE OF PAYMENTS LOANS MANAGED BY US BANKS, AND THEY
WANT TO ASSURE CONTINUED ACCESS TO US FINANCCAL MARKETS. ALTHOUGH
THE US IS NOT ONE OF DENMARK'S MAJOR TRADING PARTNERS, THE TWO-WAY
TOTAL OF ABOUT \$1 BILLION NEVERTHELESS CONSTITUTES AN IMPORTANT

ABVOLUTE FIGURE FOR THE DANES. THEY WOULD OBVIOUSLY LIKE TO INCREASE DANISH EXPORTS TO THE US, BUT, ABOVE ALL, WANT TO BE SURE THAT TRADITIONAL EXPORTS, SUCH AS HAM AND CHEESE, ARE NOT THREATENED BY THE APPLICATION OF US COUNTERVAILING DUTIES.

8. AN IMPORTANT ADDENDUM TO MY THOUGHTS MUST CENTER ON THE DANISH EC PRESIDENCY BEGINNING IN JANUARY. BETWEEN NOW AND THE END OF THE YEAR WE MUST CONSULT CLOSELY WITH THE DANES IN ORDER TO ASSURE THAT THE US-EC DIALOGUE IS OF THE HIGHEST POSSIBLE QUALITY. THIS SIX-MONTH PERIOD WILL OFFER THIS SMALL COUNTRY AN OPPORTUNITY TO PLAY A SIGNIFICANT ROLE ON THE EUROPEAN, IN FACT WORLD, POLITICAL SCENE. WITH THE RESPONSIBILITY THAT THE DANES WILL HAVE TO SET AGENDAS AND, IN GENERAL, CONTROL THE DIRECTION OF EC DELIBERATIONS, THEIR RELATIONSHIP WITH AND REGARD FOR THE US ARE CRITICAL. FORTUNATELY, WE CAN EXPECT THE DANES TO BE RECEPTIVE AND SYMPATHETIC TOWARD US REPRESENTATIONS.

9. SIGNIFICANT EXTERNAL ISSUES DURING THE EC PRESIDENCY WILL INCLUDE:

- A) THE PROBABLE CONTINUATION OF CSCE DISCUSSIONS AT BELGRADE;
- B) THE LAW OF THE SEA CONFERENCE;
- C) GATT-MTN NEGOTIATIONS;
- D) UN DISARMAMENT CONFERENCE;
- E) NUCLEAR FUEL RECYCLING;
- F) NORTH-SOUTH DIALOGUE;
- G) CYPRUS, SOUTHERN AFRICA AND THE MIDDLE EAST.

10. AMONG THE INTERNAL EC ISSUES WILL BE:
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A) THE CONTINUING DISAGREEMENT BETWEEN THE DANES AND, FOR EXAMPLE, THE UK, OVER THE IMPLEMENTATION OF THE COMMON AGRICULTURAL POLICY;

- B) EC FISHERIES PROBLEMS;
- C) NEGOTIATIONS CONCERNING THE EC ENLARGEMENT;
- D) DIRECT ELECTIONS TO THE EUROPEAN PARLIAMENT;
- E) PRELIMINARY DISCUSSION ON THE RENEWAL OF THE LOME CONVENTION;
- F) PARTICIPATION OF THE DANISH PRIME MINISTER, AS EC PRESIDENT, IN THE BONN ECONOMIC SUMMIT NEXT SPRING.

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